

# Indian Health Service

(dollars in millions)

	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>Request</b>
	<b><u>Actual</u></b>	<b><u>Enacted</u></b>	<b><u>Request</u></b>	<b><u>+/- Enacted</u></b>
<b>Budget Authority .....</b>	\$1,984	\$2,054	\$2,122	\$68
<b>Program Level .....</b>	2,241	2,342	2,412	+70
<b>Outlays .....</b>	2,027	2,117	2,091	-26
 <b>FTE .....</b>	 14,401	 14,415	 14,415	 0

## Summary

The FY 1998 budget request for the Indian Health Service (IHS) is \$2.4 billion, a \$70 million increase in program level above FY 1997. The additional funds will primarily be used to begin replacement of two aging and overcrowded health care facilities in Arizona (Fort Defiance and the Keams Canyon).

The budget also requests funds for staffing of newly built health care facilities, additional tribal contracting, purchase of medical care from the private sector, and to provide a focus on subsets of the Indian population with special needs, e.g., women, children, and elders. The budget assumes collection of \$285 million in insurance payments (e.g., Medicare, Medicaid, employer provided) for Indian patients, consistent with FY 1997 levels, and \$4.7 million from rental of staff quarters.

## Agency Description

IHS provides medical care to an estimated 1.4 million American Indians and Alaska Natives

who are members of Federally recognized tribes. Medical care is provided directly through a network of 49 hospitals, 190 health centers, and 294 smaller facilities located primarily in Oklahoma, the Northern Plains, along the Pacific Coast, Alaska, and the Southwest. Local tribes operate 11 of the hospitals, 129 of the health centers, and 243 of the smaller facilities, under contracts authorized by the Indian Self-Determination and Contracting Act. IHS also purchases health care from local hospitals and health care providers where it is not economical to provide it directly (\$368 million in FY 1997). While care is primarily provided in areas on or near reservations, grants are also awarded to organizations providing health care in 41 urban areas with substantial numbers of Indian people (\$25 million in FY 1997). In addition to medical care, preventive and public health services, including provision of water and sewer services to Indian homes, and behavioral health services (e.g., mental health, alcohol/substance abuse prevention and

treatment) are also provided. IHS also provides funds to increase the supply of Native American health care providers and of providers serving Indian people.

The health statistics for Indian people have improved dramatically since IHS began keeping records in the early 1970s, for example a 40 percent decline in the overall mortality rate for the population IHS serves. Improvements occurring over the last 5 years include a 5 percent decrease in the death rate from suicides and, for males, an 18 percent decrease in the death rate from motor vehicle accidents.

### **Improvements at the HHS Level**

HHS has worked to ensure that its responsibility for Indian people is not confined to the IHS. In June of 1996, the Health Care Financing Administration (HCFA) approved a 50% increase in the rates paid to IHS facilities under Medicare and Medicaid, to ensure parity between rates paid to IHS and non-IHS facilities. It has been several years since the base for these rates has been re-calculated. IHS and HCFA are working to improve IHS' cost accounting which will better enable IHS to respond to changes in the health care marketplace such as the increased use of managed care. IHS predicts that the rate change, along with an expansion in the definition of IHS facilities, will increase its Medicare and Medicaid reimbursements by \$66 million, a +41% increase compared to FY 1995 collections. Also in 1996, the Administration on Children and Families changed the formula by which Federal child care funds are divided between Tribes and States. This change will increase the amount of child care funding received directly by tribes from \$28 million in FY 1996 to \$58 million in FY 1997.

### **Changes From FY 1997**

With the additional \$68 million requested in budget authority, IHS will fund several new initiatives including:

- **Facility Construction (\$39 million; +\$24 million)** IHS will begin construction of two health facilities in Arizona, replacing a 59 year old facility at Fort Defiance on the Navajo reservation, and a 36 year old facility at Keams Canyon on the Hopi reservation. These facilities are designed to provide an additional 75,000 outpatient visits annually and will also offer new services including physical therapy, dialysis treatment, intensive care, and inpatient adolescent psychiatry. IHS is requesting a total of \$109 million for these facilities, additional funds are requested as an advanced appropriation in FY 1999 and FY 2000.
- **Sanitation Construction (\$90 million; +\$2 million)** IHS will be able to provide water and waste disposal services to 9,040 existing Indian homes, up from 8,800 homes in FY 1997, and will also provide services for 4,800 new homes, the same as in FY 1997. Since IHS began providing water and waste disposal services to Indian homes, postneonatal mortality rates have declined by 40 percent and gastroenteric mortality rates by 80 percent.
- **Contract Support Costs (\$173 million; +\$12 million)** Additional Funds are requested for the overhead and start up costs of new or expanded self-determination contracts with tribes and tribal organizations (+\$7.5 million was provided for this purpose in FY 1997). IHS predict tribes and tribal organizations will contract for additional programs in FY 1998 bringing their total

funding to \$796 million , a \$40 million increase compared to FY 1997.

- **Operation of New Facilities (+\$10 million)**

The request includes funds for an additional 116 FTE staff for four facilities opening in FY 1996, FY 1997, and FY 1998. These facilities are: Anchorage, AK; Kotzebue, AK; White Earth, MN; and Harlem, MT.

- **Contract Health Services (\$374 million; +\$6 million)** These funds are used to purchase medical care from the private sector. Additional dollars will be used to respond to annual increases in the population served (+2 percent) and the cost of providing medical care (+5 percent as measured by the medical component of the CPI). Funds will also be available if there are any new Federally recognized tribes in FY 1998.

- **Populations With Special Needs (+\$4 million)** IHS will use the additional funds to address the special health needs of particularly vulnerable sub-populations (e.g., women, elders, and children). The problems of these special populations are often connected with high rates of alcohol/substance abuse. Of the added funds, \$3 million is for the special populations who will be served by tribal grants. An additional \$1 million will also be provided to the urban health grantees.

- **Direct Operations (\$47 million; -\$2 million)** As part of its continuing efforts to shift resources from Headquarters to the local, or Service Unit, level, the program increases requested by IHS are offset by a decrease in funding for Direct Operations.

- **Increased Pay Costs (+\$13 million)** Funds are requested to cover a portion of cost of

legislatively mandated pay costs (2.7 percent in 1997 and 3.1 percent in 1998). A portion of these funds will be used for the salary costs of tribal contractors.

- **Adjustments (-\$1 million)** IHS' request for purchase of medical equipment (\$13 million) is the same as FY 1997 when the additional cost of equipping the new Anchorage Alaska Medical Center are excluded. The request also includes a transfer of \$12 million, for the utility costs of health facilities, from the Services to the Facilities Appropriation.

# IHS OVERVIEW

(dollars in millions)

	<b>1996 <u>Actual</u></b>	<b>1997 <u>Enacted</u></b>	<b>1998 <u>Request</u></b>	<b>Request <u>+/- Enacted</u></b>
<b>Clinical Services *</b> .....	\$1,405	\$1,452	\$1,468	+\$16
<b>Contract Health, Non Add</b> .....	(363)	(368)	(374)	(+6)
 <b>Preventive Health</b> .....	78	81	82	+1
<b>Urban Health</b> .....	24	25	26	+1
<b>Direct Operations</b> .....	48	49	47	-2
<b>Contract Support Costs</b> .....	153	161	173	+12
<b>Other Health Services</b> .....	<u>37</u>	<u>38</u>	<u>39</u>	<u>+1</u>
 <b>Subtotal, Health Services</b> .....	\$1,745	\$1,806	\$1,835	+\$29
 <b>Facility Construction</b> .....	\$12	\$15	\$39	+\$24
<b>Sanitation Construction</b> .....	85	88	90	+2
<b>Facility/Environmental Health Support *</b> ..	90	91	105	+14
<b>Other Facilities</b> .....	<u>52</u>	<u>54</u>	<u>53</u>	<u>-1</u>
 <b>Subtotal, Health Facilities</b> .....	\$239	\$248	\$287	+\$39
 <b>Total, Budget Authority</b> .....	\$1,984	\$2,054	\$2,122	+\$68
 <b>Reimbursements</b> .....	<u>\$257</u>	<u>\$288</u>	<u>\$290</u>	<u>+\$2</u>
 <b>Total, Program Level</b> .....	\$2,241	\$2,342	\$2,412	+\$70
 <b>FTE</b> .....	14,401	14,415	14,415	0

\* Funds for the utility cost of health facilities (\$12 million) are transferred from Clinical Services to Facilities & Environmental Health Support between FY 1997 and FY 1998.